

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 INRE-00 NSCE-00 SP-02 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

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TAGS: EFIN, PFOR, EEC

SUBJECT: EC FINANCE COUNCIL MARCH 18, 1975: EC TO CONSULT
WITH US ON ENDING CURRENT RECESSION

1. BEGIN SUMMARY: AT THEIR RESTRICTED LUNCHEON, HELD IN
CONJUNCTION WITH THE FINANCE COUNCIL MEETING IN BRUSSELS
ON MARCH 18, THE FINANCE MINISTERS OF THE EC DISCUSSED THE
POSSIBILITY OF APPROACHING THE UNITED STATES TO SEE WHAT
COULD BE DONE(SEVERAL OBSERVERS EMPHASIZE JOINTLY) TO
HASTEN ECONOMIC RECOVERY. THE TIMING AND MODALITIES OF
THIS CONSULTATION REMAIN TO BE WORKED OUT ALTHOUGH IT IS
EXPECTED THAT THE EC-NINE FINANCE MINISTERS WILL SEEK A
MEETING WITH TREASURY SECRETARY SIMON. OTHER TOPICS
COVERED BY THE COUNCIL ARE REPORTED SEPTEL. END SUMMARY.

2. AT THEIR RESTRICTED LUNCHEON (NO OFFICIALS OR
PERMANENT REPRESENTATIVES PRESENT) THE FINANCE MINISTERS
OF THE EC-NINE DISCUSSED THE CURRENT WORLD ECONOMIC
SITUATION. THE MINISTERS CONSIDERED THE EFFECTS OF
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THE CURRENT RECESSION IN THE US ON EUROPE AND ON THEIR

OWN EFFORTS TO INCREASE ECONOMIC ACTIVITY. AS A RESULT OF THIS DISCUSSION, THEY DECIDED TO SEEK TO OPEN CONSULTATIONS WITH THE UNITED STATES GOVERNMENT TO SEE WHAT COULD BE DONE TO STIMULATE ECONOMIC ACTIVITY AS SOON AS POSSIBLE. COUNCIL AND PERMANENT REPRESENTATION SOURCES HAVE TOLD US IRISH FINANCE MINISTER RYAN (THE COUNCIL PRESIDENT) JUMPED THE GUN WHEN HE ANNOUNCED THE EC'S PLANS TO THE PRESS FOLLOWING THE COUNCIL SESSION. THESE SOURCES EMPHASIZE THAT WHILE THERE WAS GENERAL AGREEMENT AMONG THE MINISTERS TO TAKE SUCH A STEP, NO DECISION WAS MADE AS TO MODALITIES AND TIMING. SPEAKING WITH A MISSION OFFICER AFTER THE COUNCIL, THE IRISH PERMANENT REPRESENTATIVE SAID THE DETAILS REMAIN TO BE WORKED OUT BY THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER). HE SAID HE THOUGHT THE COMMUNITY'S INITIAL CONTACT ON THIS MATTER WOULD MOST LIKELY BE MADE BY THE IRISH IN WASHINGTON.

3. THE PRESS ACCOUNTS WE HAVE SEEN SO FAR ARE CAST IN TERMS OF A PROBABLE REQUEST TO THE US TO "REFLATE." WHILE IT IS QUITE LIKELY THE EUROPEANS WILL STATE THEIR VIEWS ON THIS SUBJECT, ACCORDING TO OUR SOURCES IT IS NOT CLEAR AT THIS TIME IF THE EC PROPOSES A GENERAL DISCUSSION OF "REFLATION" OR IF THEY INTEND TO MAKE ANY SPECIFIC REQUEST FOR US ACTION OR ACTIONS.

4. A COUNCIL SOURCE SPECULATED THAT THIS INITIATIVE WAS A RESULT OF A "SUDDEN REALIZATION" ON THE PART OF THE FINANCE MINISTERS THAT THEIR OWN "CAUTIOUS AND LIMITED EFFORTS" WERE NOT TAKING EFFECT AS QUICKLY AS THEY HAD HOPED AND THAT AN EXTERNAL STIMULUS TOWARD REFLATION WAS NEEDED.

5. A COMMISSION SOURCE HAS GIVEN US A MORE CAUTIOUS VIEW SAYING THAT WHILE SEVERAL MINISTERS (RYAN AMONG THEM) FAVOR URGING THE US TO TAKE FURTHER REFLATIONARY ACTION AS SOON AS POSSIBLE, THE MINISTERS' OPERATIVE DISCUSSIONS WERE LIMITED TO SEEKING CONTACT WITH THE US ON THE SUBJECT, AND THAT NO PARTICULAR LIMITED OFFICIAL USE

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SUBSTANTIVE LINE WAS AGREED UPON.

6. UK PAYMASTER GENERAL DELL, SPEAKING TO REPORTERS AFTER THE COUNCIL, SAID THAT IT WAS CLEAR THAT GENERAL REFLATION WAS REQUIRED IN ORDER TO PROMOTE WORLD TRADE.
GRENWALD

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